Washington Health Benefit Exchange report:

Offering Only Standard Plans on the Exchange

Submitted Dec. 1, 2023

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Executive Summary

Washington Health Benefit Exchange (Exchange), in consultation with the Office of the Insurance Commissioner (OIC), was directed by the Legislature in Senate Bill 5377 (2021) to analyze the impact to Exchange consumers of offering only standard plans beginning in 2025.

- Standard plans — called Cascade Care plans — were established by the Legislature in 2019 and first offered on the Exchange in 2021 by all carriers in all counties.
- These plans offer easily comparable benefits and help consumers pay less through lower copays, lower deductibles, and services that are not subject to the deductible such as primary care and mental health visits.
- Today**, two out of three Exchange customers are enrolled in Cascade Care plans**.[1]

Main Findings: Moving toward a standardized market could provide better customer experience with minimal market disruption.

- Analysis found that eliminating non-standard plans and supplementing current Cascade Care plan offerings would create minimal market disruption — potential premium impact of 1% or $8 per month, which could cause up to 6,000 customers to seek coverage off-Exchange.[2]

A phased implementation approach to offering only standard plans would provide three years for the Exchange, Office of the Insurance Commissioner, and carriers to thoughtfully update plan offerings:

- Starting plan year 2026, eliminate Silver non-standard plans and allow only standard Silver plans on the Exchange, to support stability of federal tax credits, which are benchmarked to Silver plans in each county.
- Starting plan year 2027, eliminate all remaining non-standard plans on the Exchange, and add new Bronze and Gold standard plans as needed. Consistent with the current standard plan design process, the Exchange would work with its multistakeholder plan design advisory group to concurrently consider designing any new standard plan offerings at the Gold and Bronze levels for 2027.

[1] Exchange Spring 2023 Enrollment report, available at https://www.wahbexchange.org/content/dam/wahbe-assets/reports-data/enrollment-reports/2023%20Spring%20Enrollment%20Report%202023.04.19.pdf
[2] Customers could still purchase non-standard individual plans off the Exchange.

Why this matters: Offering only standard plans on the Exchange market, as other leading states do, would enable carriers to compete on, and customers to focus on, plan differences that matter the most to customers — premium, provider networks, quality, and customer service. Eliminating non-standard plans would also help reduce consumer "choice overload," which research shows results in the following outcomes:

- Customers become so overwhelmed with plan options they do not select a plan.
    - **In some counties, customers are faced with more than 50 plan choices.**
- Customers fail to select a plan that would best support their health and financial well-being, known as "choice error."[1]
    - Customer confusion and harm is evident from the large proportion of Exchange customers who select plans with higher net premiums and/or higher out-of-pocket costs than necessary given the financial assistance available to them. The analysis demonstrates many Exchange customers choose plans where they leave behind financial help available to them, which is most acute among lower-income customers. A spring 2023 analysis of customers with incomes under 250% of the federal poverty level (FPL) (less than $37,000 annually for a one-person household) found:
        - **About half (40,000) selected a plan in which they are not eligible to take advantage of available state premium assistance, Cascade Care Savings.** Of these customers, 22,000 selected a non-Cascade Silver plan.[2]
        - 25,000 were enrolled in Gold or Bronze plans in which they could not take advantage of cost-sharing reductions (CSRs) available in Silver plans to lower their out-of-pocket costs when they seek care.

Offering standard plans exclusively on the Exchange could improve the customer experience of obtaining health insurance coverage. This approach would be consistent with the steps other states and the federal marketplace are taking toward standardization and would build on previous legislation limiting the number of non-standard plans carriers may offer. Overall, the analysis suggests that offering only standard plans on the Exchange would create minimal market disruption. Particularly, if accompanied by a phased implementation approach allowing time for engagement with stakeholders about the development of any new standard plans and is consistent with current carrier rate filing and approval timelines.

[1] ASPE, "Facilitating Consumer Choice: Standardized Plans in Health Insurance Marketplaces", December 2021, available at: https://aspe.hhs.gov/sites/default/files/documents/222751d8ae7f56738f2f4128d819846b/Standardized-Plans-in-Health-Insurance-Marketplaces.pdf
[2] Exchange Market Analysis, May 2023, available at: https://www.wahbexchange.org/content/dam/wahbe-assets/events/exchange-board/HBE_EB_20230525_MarketAnalysis.pdf

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Cascade Care Background and Overview

Washington Health Benefit Exchange (Exchange) operates *Washington Healthplanfinder,* the online integrated eligibility and enrollment portal for both Washington Apple Health (Medicaid) and qualified health plans (QHPs) used by one in four Washington residents. The Exchange leads the state's health insurance access and affordability initiative for the individual market, called Cascade Care.

Established by the Legislature in 2019, Cascade Care aims to make health insurance accessible and affordable for every *Washington Healthplanfinder* customer. Unaffordable premiums stop too many Washingtonians from accessing health insurance. And while health coverage is necessary, it is insufficient if customers cannot use their benefits to access affordable, high-quality health care.

Cascade Care works to improve access, affordability, quality and health equity by:

- Addressing costs through lower premiums, lower deductibles, and providing access to services before having to pay the deductible. This includes leveraging federal and state-based financial assistance, State purchasing power and health care provider reimbursement expectations.
- Encouraging more informed and meaningful consumer choice with products of better value and like benefits across all carriers.
- Growing enrollment by attracting new enrollees and retaining current customers.
- Ensuring continued market health through stable carrier participation, competitive product offerings and a larger and more diverse risk pool.

2019
Cascade Care Legislation (SB 5526) required creation of standard plans.

2021
Cascade Care standard plans offered on *Washington Healthplanfinder* by all carriers in all counties.

2021
Cascade Care Legislation (SB 5377) limits the number of non-standard plans carriers can offer.

2023
Carriers implement Legislative limits on the number of non-standard plans they can offer.

Standard plans — called Cascade Care plans — are high-quality, Exchange-designed plans with lower out-of-pocket costs, available exclusively to *Washington Healthplanfinder* customers. Unlike non-standard plans (or non-Cascade plans), which are designed by the carrier and can vary in deductibles and copays, Cascade Care plans are designed so customers will pay the same cost-sharing when they seek certain services, regardless of the insurance company. All Cascade Care plans help customers pay less when they seek primary care, with more predictable costs. For example, regular check-ups, mental health office visits

and generic prescription drugs are covered without a deductible. Individuals and families enrolled in Cascade Care plans generally pay less out of pocket when using their benefits to access health care.[3]

All Exchange carriers must offer Cascade Care plans, and the plans are available in every county. Starting in 2023, Senate Bill 5377 (2021) limited the number of non-Cascade plans carriers may offer on *Washington Healthplanfinder* to two Gold, one Silver, and two Bronze qualified health plans (QHPs) per county.[4] Customer movement to standard plans paired with Legislative limits on the number of non-standard plans carriers can offer is advancing Cascade Care's goal that all Exchange customers have high-quality, meaningful choice when shopping for a health plan.

Report to the Legislature: Requirements & Approach

The Exchange, in consultation with the Office of the Insurance Commissioner, was directed by the Legislature in Senate Bill 5377 (2021) to analyze the impact to Exchange consumers of offering only standard plans beginning in 2025 and submit a report to the appropriate committees of the Legislature by Dec. 1, 2023.

The report must include analysis of how plan choice and affordability will be affected for Exchange consumers across the state, including an analysis of offering a standard Bronze high deductible health plan compatible with a health savings account, and a standard Gold health plan closer in actuarial value (AV) to the standard Silver health plan.

The report assumes only standard plans will be offered in 2025 for purposes of the analysis. It compares a baseline year to a year after only standard plans are offered. Implementation to offer only standard plans would require legislative changes, as well as enough time to design and approve plans. The earliest implementation that could occur would be plan year 2026, should the Legislature choose to take action in 2024.

Report Methods and Data

The Exchange contracted with Acumen, LLC, to conduct the analysis for this report, which included:

- A descriptive analysis of individual market plan features and enrollee characteristics.
- Development of questions and participation in key stakeholder interviews.
- Using the resulting findings to create a simulation model of changes in consumer behavior and resulting changes in enrollment and premiums under a variety of scenarios eliminating non-Cascade plans. Acumen modeled scenarios with lower and higher volumes of exit from the on-

[3] Health Care Cost Transparency Board, Cascade Select Public Option Report, Oct. 18, 2023. Available at https://app.leg.wa.gov/ReportsToTheLegislature/Home/GetPDF?fileName=HCCTB%20Cascade%20Select%20Public%20Option%20Report_cc9df888-ee2a-4d92-9dfd-6030a5f2b9ea.pdf. Please see Appendix F for illustrative comparisons of standard versus non-standard out-of-pocket cost comparisons.
[4] ESSB 5773, 2021, available at https://lawfilesext.leg.wa.gov/biennium/2021-22/Pdf/Bills/Session%20Laws/Senate/5377-S2.SL.pdf?q=20231107101002.

Exchange market (referred to as “low outflow” and “high outflow” in the report), as well as scenarios that included additional standard plan variations.

The simulation modeling used the following data sources:

2019 Enrollee-Level External Data Gathering Environment (EDGE) Server Data (LDS)[5] The report uses national individual market claims data by metal level to inform modeling premium impacts of eliminating non-standard plans.

Individual Market Enrollment and Plan Design Data.[6] The report uses On-Exchange enrollment data, by plan and customer demographics (age, sex assigned at birth and FPL), from 2021-2023. It considers annual plan mapping for 2024, where the Exchange proactively renews a subset of lower income enrollees into lower net premium, higher value plans that enable them to keep their same carrier and providers. The analysis of Off-Exchange data was limited to enrollment by plan only. The report considers plan design information for all Washington individual market plans.

Key Stakeholder Interviews. The Exchange and Acumen jointly conducted stakeholder interviews with Exchange carriers; consumer advocate groups including Northwest Health Law Advocates and the Patient Coalition of Washington; the Exchange’s Agents and Brokers Technical Advisory Committee; and Exchange enrollment partners including navigators, Tribal Assisters, Lead Organizations, health care clinic staff, community-based organizations, and others within the Exchange’s navigator network. Appendix B summarizes feedback collected from stakeholder interviews.

Using the available data sources noted above means projections for changes to enrollment and premium estimates include Exchange customer demographics (like age or sex assigned at birth), plan design, and national individual market claims data, but do not include health status of customers.

Using these sources, the analysis aimed to answer the following questions:

- What are the features of standard and non-standard plans currently in the Washington market, and the characteristics of enrollees in these plans? How have these changed over time?
- How are consumers likely to respond to the elimination of non-standard plans?
- How are health plan carriers likely to respond to the elimination of non-standard plans?

[5] CMS, Enrollee-Level External Data Gathering Environment (EDGE) Limited Data Set (LDS), available at https://www.cms.gov/data-research/files-for-order/limited-data-set-lds-files/edge.
[6] Exchange Enrollment Reports, 2021-2023 available at https://www.wahbexchange.org/about-the-exchange/reports-data/enrollment-reports-data/ and OIC, Off-Exchange Enrollment Data, 2019-2022.

Standard Plans Current State

Senate Bill 5526 (2019) established Cascade Care plans as having standard benefit design set by the Exchange each year.[7] One Cascade Care standard plan exists at each metal level — Gold, Bronze, and Silver, plus three standard Silver plan variants that reduce cost sharing for customers up to 250% FPL. Carriers are required to offer Cascade Care plans at the same metal level in any county where they offer qualified health plans. With Senate Bill 5377 (2021), the Legislature limited the number of non-standard QHPs a carrier may offer to two Gold, one Silver and two Bronze per county.

Standard Benefit Design Increases Affordable Access

The Exchange creates the standard benefit design utilized by all Cascade Care plans annually based on national models, guided by the following principles articulated in Senate Bill 5526 (2019)[8]:

- Lower deductibles and access to services without having to meet the deductible first.
- Prioritize fixed dollar copayments where possible to provide cost predictability for consumers when seeking services.
- Limit premium impacts.
- Maximize federal tax credits and available subsidies with Silver plan design.

Unlike non-standard plans, which are designed by the carrier and vary in deductibles and copays, Cascade Care plans are designed to have the same cost-sharing structure regardless of the insurance company. Cascade Care plans make it easier for customers to shop and compare plans from different carriers. They offer an apples-to-apples comparison on benefits, so customers can focus on premium costs, company customer service and quality, and whether their providers are in network.

[7] The Exchange obtains stakeholder input on standard plan designs through the Cascade Care Workgroup, which includes representatives from carriers, patient advocates, provider groups, and state agencies. Every year, standard plan designs are released for public comment and approved by the Exchange Board.
[8] ESSB 5526, 2019, available at https://lawfilesext.leg.wa.gov/biennium/2019-20/Pdf/Bills/Session%20Laws/Senate/5526-S.SL.pdf?q=20231108183742.

Comparison of 2023 Cascade Silver Plan Design to Three Popular Non-Cascade Care Silver Plans

	Cascade Care Silver offered by all Exchange carriers	Molina Constant Care Silver 1	Coordinated Care Ambetter Balanced Care 4	Kaiser WA Flex Silver	
Actuarial Value (AV)	71.53%	71.59%	71.92%	71.79%	
% of Total Silver Enrollment	63%	14%	12%	2%	
Deductible	$2,500	Medical: $0 Drug: $900	$7,550	$1,800	
Coinsurance	30%	50%	0%	35%	
MOOP	$8,500	$7,300	$7,550	$8,900	
Emergency Room Services	After deductible, $800	$950	After deductible, no charge	After Deductible, 35% Coinsurance	
All Inpatient Hospital Services (inc. MH/SUD)	After deductible, $800, (per day copay, limit of 5 copays per stay)	$1200 (per day copay, limit of 2 copays per stay)	After deductible, no charge	After Deductible, 35% Coinsurance	
Primary Care Visit	$30	$30	$30	After Deductible, $25	Deductible waived for first 4 visits
Specialist Visit	$65	$60	$60	After Deductible, $55	
MH/SUD Outpatient Services – Office	$30	$30	$30	After deductible, $25	
Urgent Care	$65	$30	$60	After deductible, $55	
Imaging (CT/PET Scans, MRIs)	After deductible, 30% coinsurance	$950	After deductible, no charge	After deductible, 35% Coinsurance	
Speech Therapy	$40	$60	After deductible, no charge	After deductible, $55	
Occupational and Physical Therapy	$40	$60	After deductible, no charge	After deductible, $55	
Laboratory Outpatient and Professional Services	$40	$60	After deductible, no charge	After deductible, 35% Coinsurance	

X-rays and Diagnostic Imaging	$65	$95	After deductible, no charge	After deductible, 35% Coinsurance
Skilled Nursing Facility	After deductible, $800, (per day copay)	$1200 (per day copay)	After deductible, no charge	After deductible, 35% Coinsurance
Outpatient Facility Fee	After deductible, $600	$1500	After deductible, no charge	After deductible, 35% Coinsurance
Outpatient Surgery Physician/Surgical Services	After deductible, $200	$250	After deductible, no charge	After deductible, 35% Coinsurance
Generics	$25	$25	$15	$10
Preferred Brand Drugs	$75	$60	$50	After deductible, 40% Coinsurance
Non-Preferred Brand Drugs	After deductible, $250	After drug deductible, 50% coinsurance	After deductible, no charge	After deductible, 50% Coinsurance
Specialty Drugs (i.e., high-cost)	After deductible, $250	After drug deductible, 50% coinsurance	After deductible, no charge	After deductible, 50% Coinsurance

Cascade Care plans' standard design increases access to health care through lower cost sharing when enrolled consumers use their benefits. In 2021-2023, Cascade Care plan deductibles were an average of $1,000 less than other QHP deductibles. Additionally, compared to popular non-Cascade plans on the Exchange, enrollees in Cascade Care plans are likely to pay less out of pocket when receiving services of high clinical value, such as primary care, or for a series of related health care services such as having a baby or managing a chronic health condition.[9]

Cascade Care plans support easier access to high-clinical value care because primary care visits, mental health care visits, urgent care visits, and generic drugs are not subject to the deductible. Instead, the customer only needs to pay a copay. This makes getting necessary care easier, which may enable individuals to effectively manage their chronic health conditions and to prevent an avoidable costly emergency department visit or surgery. Research has shown patients in high-deductible health plans are less likely to receive preventive care, to take prescribed medications and are less likely to have primary care visits.[10] Cascade Care plan design has prioritized access to these essential high-value services for all customers by ensuring they are available for a copay before deductible in all standard plans — Bronze, Silver and Gold. Like other QHPs, Cascade Care plans'

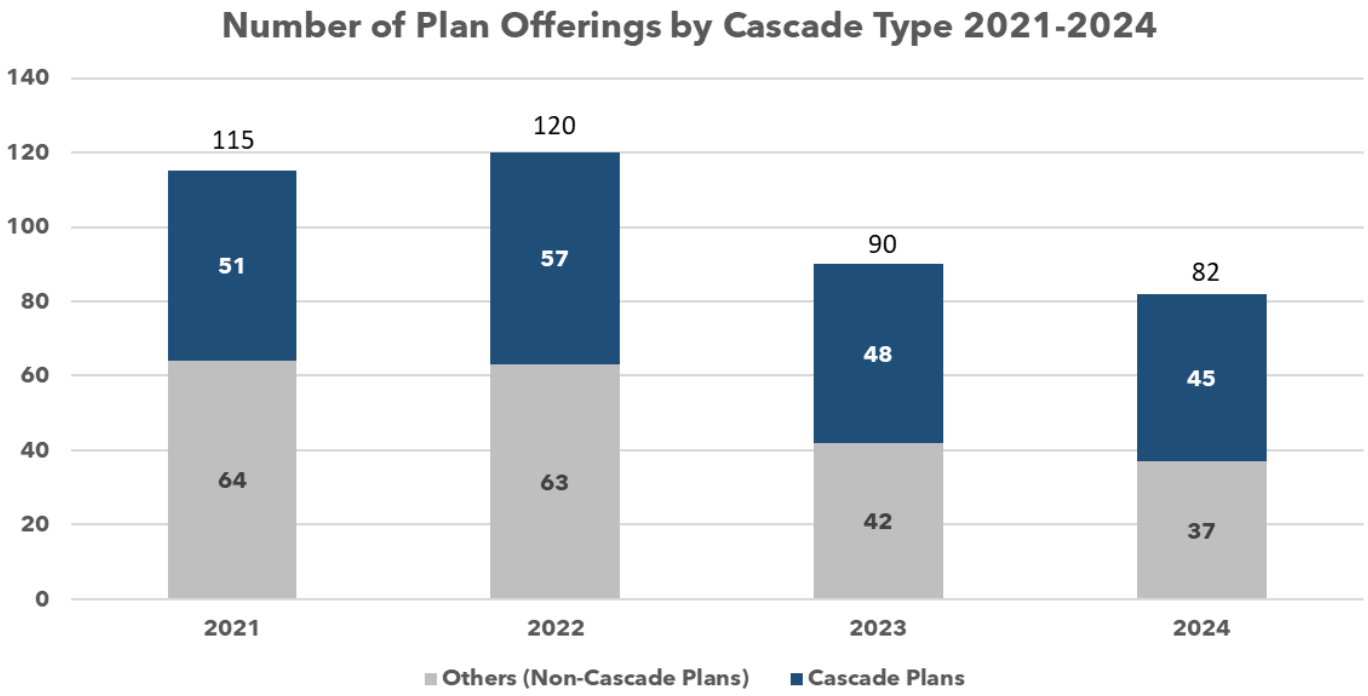
[9] Health Care Cost Transparency Board, Report to the Legislature: Cascade Select Public Option Report, Oct. 18, 2023, available at https://app.leg.wa.gov/ReportsToTheLegislature/Home/GetPDF?fileName=HCCTB%20Cascade%20Select%20Public%20Option%20Report_cc9df888-ee2a-4d92-9dfd-6030a5f2b9ea.pdf.

[10] Agarwal, Rajender, Olena Mazunrenko, and Nir Menachemi. "High-Deductible Health Plans Reduce Health Care Cost and Utilization Including Use of Needed Preventive Services," *Health Affairs,* October 2017. Available at https://www.healthaffairs.org/doi/10.1377/hlthaff.2017.0610.

benefit designs must fit within the federal AV requirements for each metal level, so some cost shares, such as advanced imaging, are higher in standard plans to offset the lower cost shares for services like primary care. While standard plan monthly premiums are an average of 7% more than non-standard plan premiums in 2023, the customer's total out-of-pocket costs are often lower because they pay much less when they receive care.[11]

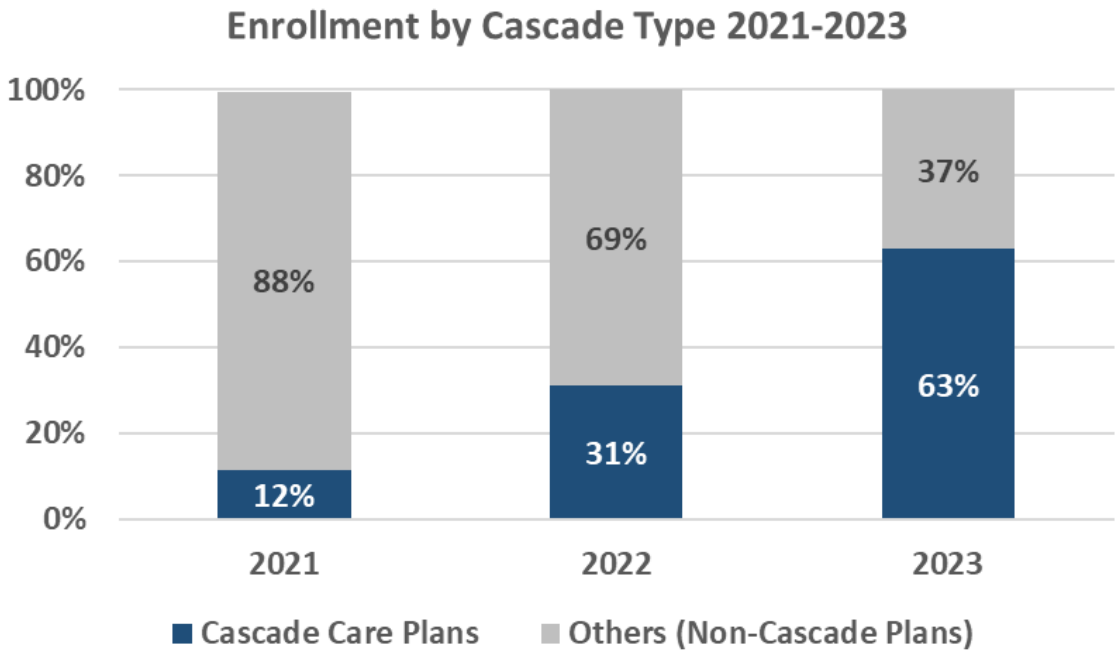
Majority Of Exchange Customers Choose Standard Plans

There are currently 90 QHPs (48 standard, 42 non-standard) offered on the Exchange, but the number of available plans differs by county. An initial legislative limit on the number of non-Cascade plans went into effect in 2023 and reduced the number of non-standard plans from 120 to 82 between 2022 and 2024.[12] Some carriers only offer standard plans, some carriers reduced non-standard plans in response to legislative limits, and some carriers chose to eliminate more non-standard plans than the legislative limits required.



[11] Premium difference in 2023 is the difference in unweighted average premium for a 40-year-old nonsmoker between standard plans and non-standard plans.
[12] RCW 43.71.095, available at https://app.leg.wa.gov/rcw/default.aspx?cite=43.71.095#:~:text=Beginning%20January%201%2C%202023%2C%20a,plan%2C%20and%20one%20nonstandardized%20catastrophic.

Enrollment in standard plans has significantly grown from 2021 to 2023. As of spring 2023, the majority (63%) of Exchange enrollees are in a standard plan. This market movement to Cascade Care plans has been driven by both new and renewing enrollees. During the last open enrollment, 80% of new enrollees and 85% of the 71,000 renewing enrollees who changed plans selected a standard plan.[13]



[13] Primary drivers behind movement to Cascade plans include Cascade Care Savings only being available to customers in Cascade Gold and Silver plans, new customers overwhelmingly choosing Cascade Care plans, renewing customers selecting Cascade plans or getting mapped to Cascade plans because the carrier opted to discontinue some non-Cascade plans. For more information on plan switching, please see Exchange Market Analysis, May 2023, available at https://www.wahbexchange.org/content/dam/wahbe-assets/events/exchange-board/HBE_EB_20230525_MarketAnalysis.pdf.

Analysis: Offering Only Standard Plans on *Washington Healthplanfinder*

Offering only standard plans on *Washington Healthplanfinder* and introducing additional standard plan designs would result in minimal disruption in the Exchange market. A majority of Exchange consumers are already enrolled in Cascade Care plans.

The analysis concludes there would be minor premium impacts and a modest decline in Exchange enrollment if non-standard plans were no longer offered through the Exchange. Potential customer disruption and premium increases would be minimized with the introduction of additional standard plan designs at the Gold and Bronze metal levels. Customers would have a more curated shopping experience that would make it easier to select a plan that meets their needs. Eliminating non-standard Silver plans should be prioritized to help customers maximize available subsidies.

Impact on Customer Plan Choice

Nearly two-thirds of Exchange customers are currently enrolled in Cascade Care plans with standard benefit design. More than 80% of new enrollees chose Cascade Care plans in 2023. Consumers who would be most affected by the elimination of non-standard plans on the Exchange are current customers enrolled in non-Cascade plans. These customers tend to be older (55+) and to either not report their income — making them ineligible for subsidies — or have lower household incomes (less than 200% FPL, or $29,000 annually for a household of one).[14]

Features of Enrollees in Non-Standard Plans[15]

Non-Standard Gold Enrollees	Non-Standard Silver Enrollees	Non-Standard Bronze Enrollees
• 24% of Exchange's Gold enrollment is in non-standard plans • Concentrated in a few plans with lower AV than standard plans • 61% of non-standard enrollees either are above 400% FPL (~$58,000) or did not report their income • Majority of non-standard enrollment with carriers that have substantial off-Exchange enrollment	• 35% of Exchange's Silver enrollment is in non-standard plans • Concentrated in two plans with distinct benefit designs • 15% of non-standard enrollees above 400% FPL • Majority of non-standard enrollment with carriers that have minimal off-Exchange presence	• 44% of Exchange's Bronze enrollment is in non-standard plans • Dispersed across many plans; several popular non-standard designs similar to standard, without notable premium distinctions • About half of enrollees above 400% FPL

[14] FPL for a one-person household, ASPE, 2023 Poverty Guidelines, available at https://aspe.hhs.gov/sites/default/files/documents/1c92a9207f3ed5915ca020d58fe77696/detailed-guidelines-2023.pdf.
[15] Exchange Spring 2023 Enrollment Data and OIC 2023 Plan Year Filing Data.

Carrier Feedback on Eliminating Non-Standard Plans

The Exchange has stable carrier participation. It is anticipated this would continue with more limitations on non-standard plans. It is not expected that offering only standard plans on the Exchange would impact the number or choice of carriers customers have. Carrier feedback about eliminating non-standard plans included:

- Almost all carriers interviewed did not oppose eliminating non-Cascade plans.
- Nearly all carriers suggested that eliminating non-standard plans would not affect their overall market strategy. However, one carrier raised a concern about losing the ability to differentiate their organization through plan design (e.g., non-emergency out-of-network coverage). Carriers have been monitoring the market movement to standard plans, and some already reduced their portfolio of non-standard plans in anticipation of non-standard plans being removed from *Washington Healthplanfinder*. Some carriers already have experience in state-based exchanges that offer only standard plans, such as California.[16]
- Several carriers anticipated eliminating non-standard plans would increase premiums because the standard plan designs are at the higher AV range for their respective metal level compared to non-standard plans. This is particularly relevant at the Gold metal level.
- There are no differences between the networks of standard and non-standard plans of the same carrier.[17]

Customer Movement Assumptions

A majority of customers are already enrolled in Cascade Care plans, and no movement is expected for this group.

The analysis anticipates that the following customers will likely stay on the Exchange:

- Customers who are already in a non-standard plan that has a similar design to the standard plan.
- Customers in a Silver cost-sharing reduction (CSR) plan.
- Customers receiving state and/or federal subsidies.

[16] State marketplaces that currently offer standard plans include: California, Colorado, Connecticut, D.C., Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, and Vermont. For more information, please see: Beyond the Basics, Introduction to Plan Selection tools for 2024, July 2023, available at https://www.healthreformbeyondthebasics.org/wp-content/uploads/2023/07/Plan-Selection-Tools-for-2024_Version2.0_pptx-1.pdf

[17] Public option plans are a subset of standard plans. There is a difference between public option plan networks and carriers' other plans, but standardizing the market would not impact this.

Based on enrollment trends in non-standard plans, the analysis assumes the following types of customers would be more likely to exit the Exchange if existing non-standard plans are not offered through *Washington Healthplanfinder*:

- Customers not receiving subsidies.
- Customers in plans from carriers with large off-Exchange presence and with brand loyalty.
- Customers in plans with low premiums, such as the least expensive Bronze plans and Health Reimbursement Account-compatible high-deductible health plans.
- Customers in plans with unique features not currently available in the standard plans (virtual-first plan, zero-dollar medical deductible).
- Younger, healthier customers wanting "bare bones" coverage likely to forgo coverage if premiums rise too substantially.

Impact on Customer Affordability

Offering only standard plans on *Washington Healthplanfinder* and adding new standard plans will affect customer affordability in three ways:

1. **Customer cost-sharing.** Plan benefit design within each metal level determines how much customers pay at the doctor's office when using their benefits. Customer cost-sharing with Cascade Care plans is generally lower than non-standard plans. Currently, deductibles in Cascade Care plans are, on average, $1,000 less than in non-standard plans, and regular checkups, mental health office visits, and generic prescription drugs are covered before the deductible at all metal levels. Additionally, when all plans have the same cost-sharing structure at a metal level, it is easier for customers to compare salient differences between plans and harder for carriers to attract better risk through plan design choices. For example, a plan with a high drug deductible may discourage customers with complex conditions requiring expensive prescriptions from choosing this plan.
2. **Customer choices that maximize affordability.** When there are too many plan options, customers who buy health insurance are less likely to make selections that meet their needs.[18] These plan selection errors are costly for households who may not choose plans that allow access to premium subsidies or decrease expenses at the doctor's office. As noted in this report's Discussion, offering only standard plans may mitigate selection errors and allow customers to better access available subsidies. Because subsidies are benchmarked to Silver plans and cost sharing reductions are only available at the Silver metal level, eliminating non-standard Silver plans is critical.

[18] ASPE, "Facilitating Consumer Choice: Standardized Plans in Health Insurance Marketplaces", December 2021, available at: https://aspe.hhs.gov/sites/default/files/documents/222751d8ae7f56738f2f4128d819846b/Standardized-Plans-in-Health-Insurance-Marketplaces.pdf.

3. **Customer premiums.** Modeling of the lower and higher outflow scenarios indicates Exchange premiums would rise between 1% to 2% with the removal of non-standard plans from *Washington Healthplanfinder*. Key factors that affect the premium change from standardizing the market are which plans customers switch to, how many customers leave the Exchange, and how healthy the existing customers are. The analysis assumes that those enrollees who stay in the same metal level and move from lower-AV non-standard to higher-AV standard plans will experience commensurate premium increases (a conservative assumption that is not necessarily or consistently borne out in carriers' current pricing practices). However, any such premium increases could be mitigated if additional Bronze and Gold standard plans are added in tandem with eliminating non-standard plans.

Different Approaches to Market Standardization

As part of the market standardization analysis, the Legislature directed the Exchange to analyze how plan choice and affordability would be affected for Exchange consumers if non-standard plans were not offered on the Exchange and the following additional standard plans were offered:

- Standard Bronze high-deductible health plan (HDHP) compatible with a health savings account (HSA).
- Standard Gold health plan closer in AV to the standard Silver health plan.

The analysis shows that customers would benefit from a phased approach to offering only standard plans on the Exchange. A recommended phased approach is as follows:

- In 2026, eliminate non-standard Silver plans.
- In 2027, pair the elimination of non-standard Bronze and Gold plans with the introduction of new standard plans. The analysis considers adding a standard Bronze HDHP compatible with an HSA and a lower-AV standard Gold plan.

The following outlines results of the analysis of different approaches to offering only standard plans on *Washington Healthplanfinder*:

1. **Eliminate all non-standard Silver plans**. If non-standard Silver plans are eliminated, there will be limited impact to Exchange enrollment or premiums because most customers in Silver plans are receiving subsidies and are not expected to exit the Exchange.
2. **Eliminate all non-standard plans on the Exchange and add new distinct standard plans at the Gold and Bronze metal levels**. When non-standard Bronze and Gold plans are eliminated, the analysis strongly suggests any disruption can be reduced considerably if the Exchange adds a standard Bronze HDHP compatible with an HSA and a lower-AV standard Gold plan the same plan year. If this approach is taken, the analysis estimates a 1% premium increase and 3% (or 6,000 customers) decrease in enrollment because these new plan options would serve customer populations most likely to leave the Exchange if non-standard plans were eliminated.

3. **Eliminate all non-standard plans without the addition of new standard plans.** If the non-standard Gold and Bronze plans are removed without adding more standard plans, it is estimated that at most, 8% of customers will leave the Exchange and premiums will increase 2%. Unsubsidized customers in lower-AV non-standard Gold plans may seek similar plans off-Exchange and younger customers in "bare bones" Bronze plans could opt to go uninsured. The Exchange has authority to design additional standard plans if it is determined they are needed to increase Exchange customer access and affordability.

   While this approach is not recommended because of customer and market disruption, the report presents both approaches to illustrate there is a stable path to a standardized market, which supports customers in choosing and maintaining the best coverage for their needs.

	Initial On-Exchange Enrollment	Standardization All Metals	% Change	Full Standardization and Add New Standard Plans	% Change
Enrollment	212,000	195,000	-8%	206,000	-2.9%
Premium	$576	$588	+2%	$584	+1.4%

(1) Starting with Standardizing Silver Plans: Maintaining Subsidy Stability

Because Silver plans serve as the benchmark for both federal and state subsidies, it is recommended to phase in full Exchange standardization by first eliminating non-standard plans at the Silver level to preserve subsidies. Over the last few years, market trends have been observed that result in a reduction of the total amount of federal subsidies drawn down by Exchange customers:

- In 2024, many counties will have a $350 monthly premium difference from the Silver plan used to benchmark federal subsidies to the most expensive Silver plan. This spread in premiums means even after subsidies, many plans are unaffordable for customers.
- Carriers typically offer non-standard Silver plans with higher AVs than the standard Silver plan (as required in SB 5526 [2019]), but at lower premiums. This means customers have a smaller tax credit to apply toward the purchase of high-value standard Silver plans.[19]

While there will always be variation in carrier pricing, eliminating non-standard Silver plans will mean plan design can no longer be a factor that is reducing the buying power of subsidies and their ability to "buy up" to a standard plan. Eliminating non-standard Silver plans will result in limited market impact and will support customers by maximizing federal and state subsidies.

Though this report recommends a gradual approach to phasing out non-standard plans, beginning with eliminating non-standard Silver plans, the analysis does not model compounded impacts of a phased change.[20]

[19] Exchange 2024 Qualified Health & Dental Plan Certification, September 2023, available at: https://www.wahbexchange.org/content/dam/wahbe-assets/events/exchange-board/20230914_BoardMeeting_2024Market.pdf.
[20] The report considers impacts of potential changes in an additive fashion.

(2) Offering Additional Standard Plans: Impact on Customer Plan Choice & Affordability

Enrollment Impacts

Potential loss of Exchange enrollment and premium increases resulting from standardizing the Exchange would be mitigated if a low-AV standard Gold plan and a standard Bronze HSA-compatible HDHP were offered. A high-outflow scenario in which more Exchange customers leave the Exchange was used as the basis for this additional analysis, ensuring a conservative estimate of the extent that adding these new standard plans could reduce Exchange customer exit.

The analysis looked at the enrollment impacts of adding a low-AV standard Gold plan and standard Bronze HSA-compatible HDHP separately and combined. If only one of the standard plan types is added, Exchange enrollment could decrease by about 5%-6%. However, if both plan types are added as standard plans, Exchange enrollment could decrease by about 3%.

Adding a standard low-AV Gold plan would reduce customer movement to off-Exchange plans because unsubsidized customers in the non-standard low-AV Gold plans could have their needs met through this new standard plan option. Adding a standard Bronze HSA-compatible HDHP would reduce the number of individuals choosing to become uninsured because this leaner standard Bronze would likely offer a lower premium, appealing to customers currently drawn to the lowest premiums in the market. In addition, ensuring that an HSA-compatible plan is available through the Exchange can help retain those Exchange customers for whom access to an HSA is a personal requirement.

Cumulative Enrollment Impacts of Standardizing Exchange and Adding Standard Low Gold and/or Bronze HDHP

Population	Initial Enrollment	Standardize + Add Low Gold Plan	% Change	Standardize + Add Bronze HDHP	% Change	Standardize + Add Both Plans	% Change
Total Insured	244,000	236,000	-3.3%	242,000	-0.8%	**242,000**	**-0.8%**
Total Exchange	212,000	200,000	-5.8%	201,000	-5.4%	**206,000**	**-2.9%**
Off-Exchange*	32,000	36,000	12.9%	41,000	29.4%	36,000	12.9%
Exit		8,000	-	2,000	-	2,000	
Total (All)	244,000						

Premium Impacts

The analysis looked at the premium impacts of adding (1) a standard low-AV Gold plan, (2) a standard Bronze HSA-compatible HDHP, and (3) both new standard Bronze and Gold plans. The high-outflow scenario was used as the basis for this additional analysis to provide the most

conservative estimates of how much the new plans could mitigate premium impacts. Eliminating non-standard plans would likely have minimal impact on Exchange premiums (1%-2% increase) and adding new standard Bronze and Gold plans would further reduce any anticipated impacts.

- Adding only a standard low-AV Gold plan is estimated to raise exchange premiums by 3% because older enrollees in low-AV Gold plans remain on the Exchange while those younger individuals seeking "bare bones" coverage would drop coverage.
- Adding only a standard Bronze HSA-compatible HDHP has a minimal impact on Exchange premiums (increase of 0.2%) because unsubsidized enrollees in low-AV Gold non-standard plans exit and purchase similar off-Exchange plans.
- If both plan types are added as standard plans, Exchange premiums are estimated to increase by roughly 1%, about half of the increase estimated for the high-outflow scenario without the additional types of standard plans.

Premium Impacts of Standardizing Exchange and Adding Standard Low Gold and/or Bronze HDHP

Metal Tier	Initial Premium (no new plan limitations)	Premium If Standardize and Add Low Gold Plan	% Change	Premium if Standardize and Add Bronze HDHP	% Change	Premium If Standardize and Add Both Plans	% Change
All	$576	$595	3.3%	$577	0.2%	$584	1.4%
Bronze	$483	$493	2.2%	$485	0.3%	$487	0.8%
Silver	$617	$627	1.7%	$616	-0.1%	$619	0.3%
Gold	$697	$716	2.7%	$703	0.9%	$706	1.3%

(3) Offering Only Existing Standard Plans: Impact on Customer Plan Choice & Affordability

Acumen modeled two scenarios in response to eliminating non-standard plans for 2025 (assuming no additional standard plans are designed):

- Low outflow to off-Exchange or uninsured (~14,000 Exchange enrollment decrease). In this scenario, on-Exchange enrollment falls by approximately 7%.
- Higher outflow to off-Exchange or uninsured (~18,000 Exchange enrollment decrease). In this scenario, on-Exchange enrollment falls by approximately 8%.

The two scenarios considered those populations likely to exit the Exchange and calculated a range of estimates of individuals in each respective group leaving the Exchange to develop the enrollment change projections. These scenarios suggest standardizing the market with the current three standard plans will cause greater disruption to the market as a significant population of customers will

seek coverage elsewhere or become uninsured, which is counter to Cascade Care goals of offering affordable coverage.

Enrollment Impact Scenarios: Standard Plans Only Without Addition of New Standard Plans*

	Initial	Where Customers Move	Final	% Change in Enrollment
All Exchange	212,000		198,000 to 195,000	-7% to -8%
Bronze	88,000	Unsubsidized go to Off-Exchange Bronze plans or drop coverage; Subsidized move to Silver plans	76,000 to 75,000	-14% to -15%
Silver	86,000	Most subsidized move to standard Silver; some subsidized move to Gold standard if not eligible for CSR and previously enrolled in a low deductible plan; Unsubsidized go to Off-Exchange Silver or Bronze, some drop coverage	90,000 to 88,000	+5% to +2%
Gold	39,000	Unsubsidized go to Off-Exchange Gold or On-Exchange standard Gold; subsidized go to standard Silver	33,000 to 32,000	-15% to -16%
Off-Exchange	32,000		42,000-41,000	+32% to +29%
Newly Uninsured			4,000-8,000	

** Enrollment counts are rounded to the nearest 1,000. Ranges are shown as low outflow to high outflow scenario resulting impacts rather than arranged by numerical value.*

After developing projections of customer movement, Acumen modeled on-Exchange premium impacts associated with each Exchange enrollment scenario:

- Low outflow scenario is associated with about a 1% premium increase, driven by assumptions that exiting enrollees are more likely to be younger and have lower health care spend, which increases premiums for insured groups.

- High outflow scenario associated with about a 2% premium increase, driven by a greater outflow of enrollees overall. This scenario also anticipates more younger individuals will drop coverage than in the low outflow scenario.

Premium Impact Scenarios if Eliminate Non-Standard Plans Without Addition of New Standard Plans *

Metal Tier	Premium (Initial)	Premium (Final)	Overall % Change in Premium
All	$576	$583-$588	1% to 2%
Bronze	$483	$487-$491	1% to 1.5%
Silver	$617	$619-$625	0.5% to 1.5%
Gold	$697	$706-$713	1.5% to 2.5%

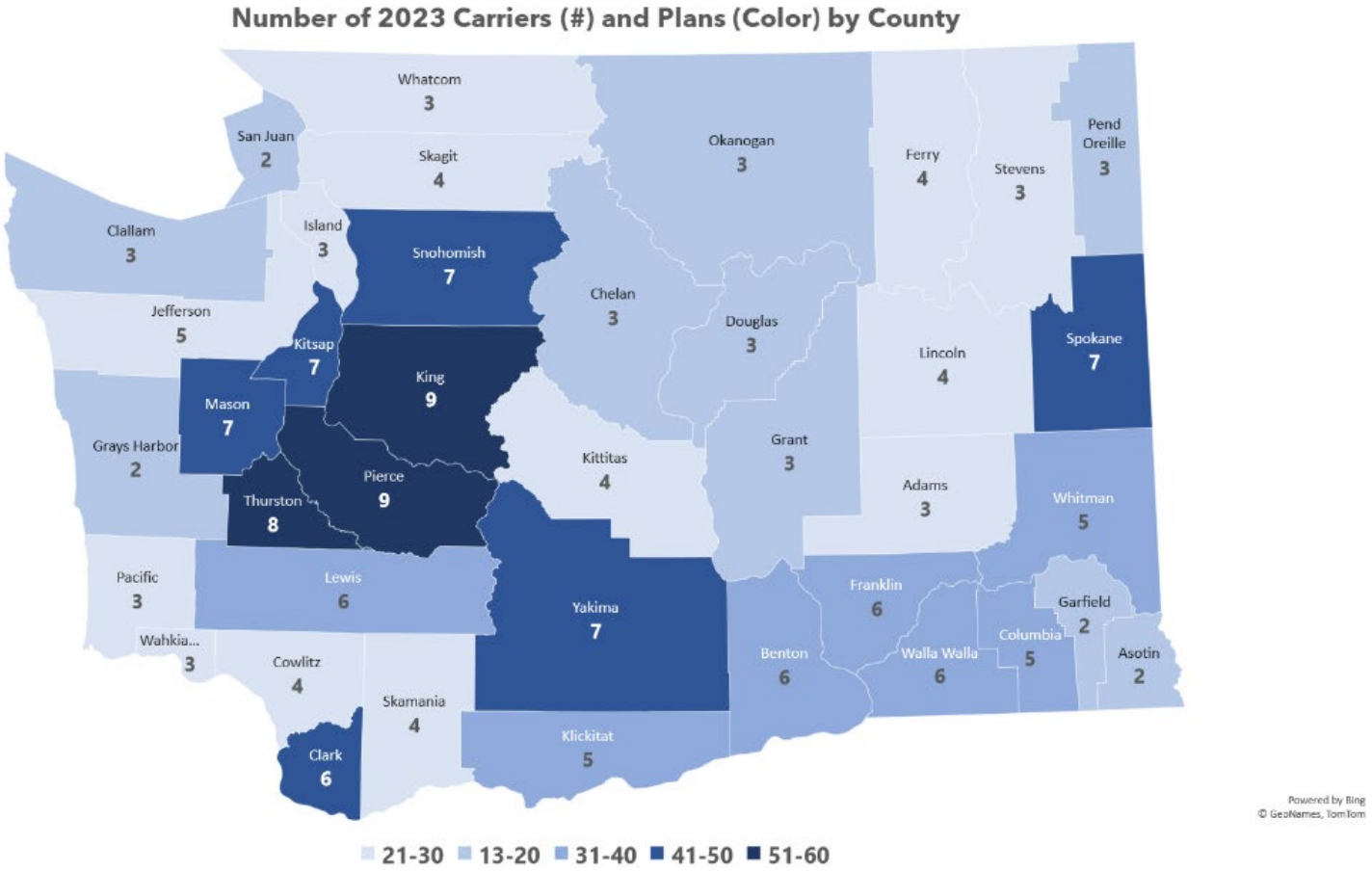
** Premiums are rounded to the nearest dollar. Percentages are rounded to the nearest 0.5%. Ranges are shown as low outflow to high outflow scenario resulting impacts rather than arranged by numerical value.*

Discussion

Launching Cascade Care in 2021 ushered in a new era of Exchange stewardship of the individual market on behalf of Washington residents. In their third year, Cascade Care plans are bringing value to an increasing number of customers through consistent, high-value benefits and more competitive premiums. The limits Senate Bill 5377 (2021) put on the number of non-standard plans carriers may offer on the Exchange was the next step in this stewardship of the individual market. Additional legislatively defined transitions toward limits on non-standard plans are the natural progression to ensure meaningful choice, mitigate choice overload, and advance access and affordability for Exchange consumers.

Customer Choice Error in a Crowded Market

The number of plans offered on the marketplace has decreased since the Legislative limits on the number of non-Cascade plans carriers may offer in a county went into effect for plan year 2023. However, consumers in three counties still face a choice of among 50 plans, which makes it difficult for them to understand the choice points important to them among the numerous plan options in their county.



Choice is good. But today — with 90 plans on the Exchange — it's too hard for customers to choose well. The analysis demonstrates the following scenarios result from choice overload:

- **Customers become overwhelmed and do not select any plan.** One customer advocate interviewed summarized the perspective many stakeholders share, "Choice is good, but too much is paralyzing." Research shows that when there are too many options, some consumers will not make the best choice for their needs or worse yet, they may not enroll in any health plan.[21]
- **Customers struggle to focus on what they care about most in a health plan.** Because of different cost shares and benefit design structures, the customer spends too much time trying to understand minor differences in copays or deductibles between the plans. Customers often express they are unsure whether they made the right plan decision. Navigators and brokers shared with the Exchange *Washington Healthplanfinder* has too many plans. This makes it challenging for them, as trusted advisors, to help customers understand the differences between myriad plans. Assisters spend considerable time educating customers about the tradeoffs within benefit design, competing with a focus on other areas that matter most to customers such as metal level, monthly premiums, and provider availability. Carriers,

[21] ASPE, Facilitating Consumer Choice: Standardized Plans in Health Insurance Marketplaces, 2021, available at: https://aspe.hhs.gov/sites/default/files/documents/222751d8ae7f56738f2f4128d819846b/Standardized-Plans-in-Health-Insurance-Marketplaces.pdf.

consumer advocates, and those assisting customers, such as navigators and brokers, are aligned with the goal of reducing this consumer decision overwhelm, and many believe offering only standard plans on *Washington Healthplanfinder* could support this.

- **Customers select the wrong plan for their financial needs.** This can lead to access and affordability barriers for customers. Customer confusion and harm is evident from the large proportion of customers who select plans with higher net premiums and/or out-of-pocket costs than necessary given the financial assistance available to them. As of spring 2023, over 25,000 low-income customers (under 250% FPL) were enrolled in Gold or Bronze plans where they could not take advantage of CSRs to lower their out-of-pocket costs when they seek care. Among those low-income customers who did select a Silver plan with CSRs, about 22,000 did not select a Cascade Care plan, where they could receive additional state premium assistance. In total, half of customers income-eligible for state subsidies — about 40,000 customers — were not receiving them in spring 2023 because they were not enrolled in a Cascade Care plan that made these premium subsidies available.

  These choice errors are costly for individuals and their families. Customer surveys following open enrollment show customers are struggling to afford care and prescription drugs and are sometimes forgoing needed treatment. In the last two open enrollments, the Exchange has proactively moved subsets of enrollees to lower-premium, higher-value plans offered by the same carrier when the customer could have the same provider network and benefits package. This proactive plan mapping resulted in minimal customer complaints. Eliminating non-standard plans could serve as a complementary strategy to the Exchange's open enrollment plan mapping activities to further lessen customer choice error.

Market Health

With individual market stability and consumer protection at the forefront of any changes to the marketplace, there are a variety of considerations to inform the approach to limiting non-standard plans on *Washington Healthplanfinder*. While some stakeholders advocate for immediate removal of non-standard plans to advance customer health insurance access and affordability, others encourage consideration of a phased approach that would achieve market health and consumer affordability goals with minimal disruption. Specifically, it is advisable to prioritize eliminating non-standard plans at the Silver level.

- **Silver considerations**: Offering only standard plans at the Silver metal level would more effectively maximize federal subsidies available to *Washington Healthplanfinder* customers. Federal subsidies available to more than 75% of Exchange customers to lower their monthly premiums are based in part on the premium of the second lowest-cost Silver plan in a county. Having only standard Silver plans would ensure these federal tax credits would be benchmarked to a Silver plan with a consistent and more generous package of benefits. Consumer advocates advised because the Silver plan is the benchmark, eliminating non-standard Silver plans should be the first priority.

  The most popular two non-standard Silver plans have vastly different deductible structures and levels than the standard plan, and customers may not understand the tradeoffs of these

designs. The Molina non-standard Silver has a split deductible ($0 medical, $900 drug) and the Coordinated Care non-standard Silver has a $7,500 integrated deductible. Using the Molina non-standard Silver plan as an example, enrollees might be surprised after choosing a $0 Medical deductible plan to face the high drug deductible. Additionally, a plan design with a high drug deductible may discourage sicker customers, who need expensive medications, from enrolling in the plan and result in large premium variation in Silver plans. When one or two exceptionally low-premium Silver plans set the subsidy benchmark, customers have less buying power to buy any Silver plans other than the benchmark Silver plan.

- **Bronze considerations**: The standard Bronze plan is designed to offer the most benefits possible within the Bronze AV range that is permitted by federal law, known as a "high Bronze" to address concerns that an insurance plan covering only about 60% of medical costs is not sufficiently generous. The largest difference between current non-standard Bronze plan offerings and HSA-compatible high deductible Bronze plans is that "low Bronze" plans have a lower actuarial value and therefore lower premium than the standard Bronze. This plan can serve a small set of customers that are educated about insurance design and have higher disposable income to set up an HSA and take advantage of tax benefits of the plan. Balancing this potential benefit is lower-income customers who mistakenly enroll because of the lower premium and incur significant cost sharing or avoid medical care without the financial ability to take advantage of the HSA tax benefits. A new standard "low Bronze" plan could be added to address this, after discussion with the Exchange plan design advisory group. By design, HSA-compatible plans are not permitted to cover anything except preventive services before the deductible. While an HSA-compatible plan may be appealing to customers as the lowest premium plan, they often find themselves in a plan that covers nothing before they have to meet a really high deductible. Most customers are not receiving benefit out of an HSA plan, and therefore treat it as a catastrophic plan.
- **Gold considerations**: The standard Gold plan is designed to offer the most benefits possible within the Gold AV range, known as a "high Gold." Based on shopping behavior, the choice of a Gold plan with a lower actuarial value is valuable to Exchange customers. Meeting this customer need could be achieved by creating a standard Gold plan with lower AV.
- **Catastrophic considerations:** As of Spring 2023, about 500 customers are enrolled in the Exchange's only Catastrophic plan, which is offered by Kaiser Permanente Washington. Because Catastrophic plans may only be offered On-Exchange per state law,[22] it may be desired to continue to offer customers Catastrophic plans through some policy mechanism.
- **Innovation Considerations:** The potential loss of innovation has historically been raised by some Exchange carriers in conversations about further limiting non-standard plans on *Washington Healthplanfinder*. There is limited presence of unique plan design approaches on the Exchange today, with some exceptions. One of the Exchange's 12 QHP carriers current offers non-emergency out-of-network coverage, and stakeholders involved in plan design might consider the importance of preserving that coverage in the Exchange and how to account for such a plan structure in Cascade Care plans. Stakeholders suggested the annual

[22] RCW 48.43.005(8)(c)(i) states catastrophic plans may only be offered on the Exchange.

multi-stakeholder standard plan design process is an existing forum for input from carriers that may have creative benefit design approaches to serve emerging customer needs. This process could also incorporate more intentional monitoring of off-Exchange plan designs to identify innovation in that market.

- **Navigator/Assister and Broker Considerations:** Customer support through navigators/assisters and brokers would remain critical in a standardized market. Customers need trusted advisors to help them understand differences in premiums, metal levels, and carrier provider networks. Further reducing or eliminating non-standard plans would better enable these assisters to focus on differences customers care about and recommend plans that maximize the customer's available financial assistance and meet their health coverage goals.

Conclusions

In less than three years, the Exchange market has moved to a majority standard plan enrollment as many renewing customers change plans and most new customers select standard plans. Additionally, some carriers have chosen to reduce their portfolio of non-standard plans beyond what legislative limits require.

Cascade Care plans make it easier to shop and compare plans from different carriers. They offer an apples-to-apples comparison on benefits and cost-sharing, so customers can focus on premium costs, insurance company quality and customer service, and provider networks. All Cascade Care plans let customers pay less at the doctor's office with more predictable costs because key benefits like primary care visits are covered without a deductible.

Despite these shifts in the Exchange market and the benefits of Cascade Care plans, customers continue to be overwhelmed with too many plans to make an informed choice. Many customers unintentionally choose a plan that is not in their best interest where they pay higher premiums and out-of-pocket costs and leave behind state and federal financial assistance they could receive. Navigators and enrollment partners struggle to help customers make sense of myriad plan choices each year.

There is a smooth path to move to a standardized market. Carriers are unlikely to make significant changes to their market strategy and participation if they could offer only standard plans. Given customer movement to standard plans, phasing out non-standard Silver plans is a logical next step and would cause minimal disruption to the market. There is urgency to eliminate non-standard Silver plans to help maximize customer federal premium assistance. The next step would be to pair the introduction of new, distinct standard Gold and Bronze plans with the elimination of non-standard Bronze and Gold plans. Anticipated enrollment changes and premium impacts would be minimal with this approach.

Cascade Care is a driver for advancements in affordability, value, and market health. Moving to only standard plans would ensure all Exchange plans provide customers access to high-quality, affordable health coverage.

Appendix A: Definitions

Actuarial Value (AV): is the estimated percentage of enrollee health care costs a plan is expected to cover. Each metal level is required to have an actuarial value within a certain range, as specified by federal regulation.

Cost-Sharing Reductions (CSR): Cost-sharing reductions are a discount that reduces the amount lower income customers (up to 250% FPL) enrolled in Silver plans pay for deductibles, co-insurance, co-payments, and other out-of-pocket expenses

Metal Levels: Health plans through *Washington Healthplanfinder* come in actuarial value categories, called metal levels. They are available in Catastrophic, Bronze, Silver and Gold. The difference between the plans is what percentage of the cost of care they cover. On average, Bronze plans cover 60% of the costs, Silver plans 70% of the costs, and Gold plans 80% of the costs.

Qualified Health Plan (QHP): A qualified health plan is an insurance plan that has been certified by *Washington Healthplanfinder* as an ACA-compliant individual market plan meeting the Exchange's 19 certification criteria. It must provide essential health benefits, follow established limits on cost-sharing (such as deductibles, co-payments, and out-of-pocket maximum amounts), and meet other requirements per the Affordable Care Act.

Subsidies: Financial assistance to help customers pay their monthly health plan premiums. Both federal and state subsidies are available to qualifying customers on *Washington Healthplanfinder*.

Appendix B: Stakeholder Feedback Summary Memo

To: Washington Health Benefit Exchange (WAHBE)
From: Acumen, LLC
Date: October 20, 2023
Subject: Summary of Stakeholder Interviews on Eliminating Non-standard Plans

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As part of an analysis on the potential impact of eliminating non-standard plans, Acumen and WAHBE jointly conducted interviews with various stakeholders.[23] The following three questions were developed to help the Exchange understand the potential impact about how the features of current standard and non-standard plans meet the needs of the consumers and how the elimination of non-standard plans would likely affect consumers, premiums, market penetration, and carrier operations.

1. How do you expect offering only standard plans would impact enrollees? What purpose do non-standard plans address in the marketplace, as compared to standard plans?
2. How do you expect only offering standard plans would impact carriers (e.g., premium changes, admin costs, innovation, market penetration)?
3. Is there potential for unintended consequences?

This memorandum provides a high-level summary of feedback collected through the interviews with three main stakeholder groups: carriers, enrollment partners, and consumer advocates. Table 1 below summarizes the key benefits and drawbacks of eliminating non-standard plans noted by the full group of stakeholders while the following sections include more detailed feedback from each stakeholder group.

Table 1: Pros and Cons of Eliminating Non-standard Plans

Pros	Cons
• Reduce choice overload • Allow consumers to compare on price and quality more easily • Less administrative costs for carriers • Rising popularity of standard plans • Potential for increased federal subsidies for low-income consumers	• Potential premium increase • Reduce carriers' ability to innovate and differentiate themselves • Non-subsidized enrollees currently in non-standard plans may move off exchange • Standard plan designs may not meet the needs of all enrollees

[23] Overall, we conducted ten interviews between June 9, 2023, and August 9, 2023. We interviewed three consumer advocates representing three patient advocacy organizations, over ten navigators/enrollment partners through navigator workshop, and approximately eighteen representatives from seven carriers.

Feedback from Carriers

Overall, almost all carriers interviewed did not oppose eliminating non-standard plans. Several issuers expected no impact on administrative costs from the change, while an equal number noted that administrative costs are likely to be lower as long as carriers have sufficient advance notice (e.g., so that carriers do not allocate unnecessary time and resources to design non-standard plans that are no longer permitted). Carriers expect to see limited to no impact on their overall market strategy. Some carriers pointed out that standard plans have become increasingly popular in recent years and this trend is anticipated to continue, which suggests that non-standard plans may eventually become too costly to operate as enrollment drops. A few carriers strongly support the removal of non-standard plans because it reduces choice overload and allows consumers to focus on comparing other factors like price and quality of care. One example mentioned was that Covered California has successfully made plan comparison easier for consumers by only offering standard plans.

However, a few carriers are concerned about having limited ability to introduce innovative features and design products that fit the needs of enrollees in different geographic regions. Some carriers stated that they use non-standard plans to differentiate themselves and grow their market share by adding unique plan design features such as free virtual care visits and pre-deductible office visits. Others also pointed out that some enrollees may choose non-standard plans because these plans include features that meet their specific needs. For example, carriers mentioned that there is currently no HSA-eligible standard plan or a less expensive standard Gold plan with relatively lower actuarial value (AV). Therefore, they suggested that allowing these additional standard plans could meet the needs of some enrollees.

Given the above concerns, multiple carriers highlighted the importance of ensuring that any changes to the availability of non-standard plans are communicated to enrollees clearly and in advance. One carrier noted that any changes associated with eliminating non-standard plans should be implemented together at one time, to limit the burden of communication and reduce confusion. Another carrier noted that enrollees often react negatively to changes and that it is time consuming to properly educate enrollees about benefit changes. Thus, the carrier suggested that it will become increasingly important that the Exchange prioritize stability in standard plan designs year over year if they are the only plans available in the market to avoid confusion for consumers.

In terms of the estimated premium impact, many carriers expect premiums to increase because standard plans tend to offer richer benefits than non-standard plans and thus have higher premiums. One carrier noted that eliminating non-standard plans could potentially increase morbidity in risk pool because non-subsidized enrollees may exit the market if they do not find a suitable product. However, some carriers noted that higher premiums would likely translate into higher subsidies for low-income enrollees through increase in the second lowest cost Silver plan premium (SLCSP), which could help mitigate the overall premium impact. Additionally, one carrier suggested

that having both a high and low AV option available within each tier could mitigate the impact of premium increases and improve affordability.

Feedback from Navigators and Enrollment Partners

Discussions with navigators/enrollment partners focused on learning about consumers' perspectives on plan choice and their experience in standard plans versus non-standard plans. First, navigators emphasized the issue of choice overload, as it is often difficult for consumers to identify relevant differences across plan designs even with enrollment assistance. They reported that consumers get overwhelmed with too many plan options, especially when there are no significant differences between plans. Navigators also mentioned the need to provide extensive education to enrollees on how deductibles work, what services they can receive prior to the deductible, and the tradeoffs between deductible and plan premium.

Second, navigators noted that currently enrolled consumers are primarily concerned about provider network differences between standard and non-standard plans. They pointed out that existing enrollees prefer to maintain access to their current providers/networks and may fear potential discontinuity of care from their current providers if non-standard plans are removed. The timing of open enrollment and network contracting also makes it harder for enrollees to compare network differences when they consider switching to different plans, because networks are typically finalized after open enrollment is complete. In the past, some consumers were confused about the differences between Cascade plans and Cascade Select (public option) plans; others were very concerned about narrower networks in Cascade Select plans.

Lastly, navigators highlighted that new customers with minimal health needs often focus primarily on premiums when selecting a plan. To these customers, Cascade Select plans can be a good option even with narrower networks. Given the sensitivity of new enrollees to premiums, navigators expressed concern that any increases in premiums associated with removing non-standard plans could discourage new customers from enrolling, especially those who are not eligible for subsidies.

Feedback from Consumer Advocates

Consumer advocates reported being generally supportive of the elimination of non-standard plans, as choice overload can cause consumers to choose a plan that does not maximize their subsidies or discourage them from purchasing a plan at all. They strongly suggested eliminating all non-standard Silver plans given the direct impact of the SLCSP on subsidy amounts. With only standard plans in the Silver tier, the Exchange would be able to tightly control plan design and the overall premium level. They also pointed out that even though non-standard plans may provide a

window into innovation, the Exchange can still achieve this goal by monitoring off-exchange plans for new features and maintaining dialogue with carriers.

However, the advocate representatives also noted that consumers are loyal to their providers and need time to identify and assess any network changes. For example, enrollees with chronic conditions and regular relationships with specific providers would be heavily impacted by any changes in the networks available to them arising from this change. Given this concern, the advocate representatives suggested that a phased approach, that first eliminates all non-standard Silver plans and reduces allowed number of non-standard Bronze and Gold plans to one each and later eliminates all non-standard plans, could reduce the potential negative impact on consumers.

[1] *Overall, we conducted ten interviews between June 9, 2023, and Aug. 9, 2023. We interviewed three consumer advocates representing three patient advocacy organizations, more than 10 navigators/enrollment partners through navigator workshop, and approximately eighteen representatives from seven carriers.*

Appendix C: 2023 Gold and Silver Standard Plan Designs

	Cascade Bronze	Cascade Gold
	Cost Sharing	**Cost Sharing**
Actuarial Value (AV)	64.21%	81.88%
% of Metal Level Enrollment	56%	76%
Deductible	Medical: $6,000	Medical: $600 Drug: $0
Coinsurance	40%	20%
MOOP	$8,550	$5,900
Emergency Room Services	After Deductible, 40% coinsurance	After Deductible, $450
All Inpatient Hospital Services (inc. MH/SUD)	After Deductible, 40% coinsurance	$525 (per day copay, limit of 5 copays per stay)
Primary Care	$50	$15
Specialist Visit	After Deductible, $100	$40
MH/SUD Outpatient Services	$50	$15
Urgent Care	$100	$35
Imaging (CT/PET Scans, MRIs)	After Deductible, 40% coinsurance	After Deductible, $300
Speech Therapy	After Deductible, 40% coinsurance	$25
Occupational and Physical Therapy	After Deductible, 40% coinsurance	$25
Laboratory Outpatient and Professional Services	After Deductible, 40% coinsurance	$20
X-rays and Diagnostic Imaging	After Deductible, 40% coinsurance	$30
Skilled Nursing Facility	After Deductible, 40% coinsurance	After Deductible, $350 (per day copay)
Outpatient Facility Fee	After Deductible, 40% coinsurance	After Deductible, $350

Outpatient Surgery Physician/Surgical Services	After Deductible, 40% coinsurance	After Deductible, $75
Generics	$32	$10
Preferred Brand Drugs	After Deductible, 40% coinsurance	$60
Non-Preferred Brand Drugs	After Deductible, 40% coinsurance	$100
Specialty Drugs	After Deductible, 40% coinsurance	$100

Appendix D: Premium and Enrollment Impacts Attributed to Standardizing Silver Only

Metal Tier	Premium (Initial)*	Premium (Final)	Overall % Change in Premium
All	$576	$576	0%
Bronze	$483	$483-484	0.1% to 0.2%
Silver	$617	$617	0% to 0.1%
Gold	$697	$698	0.1% to 0.2%

** Premiums are rounded to the nearest dollar. Percentages are rounded to the nearest 0.1%.*

	Initial *	Where Customers Move	Final	% Change in Enrollment
All Exchange	212,000		212,000	0%
Bronze	88,000		90,000 - 91,000	2% to 3%
Silver	86,000	Most non-standard enrollees move to standard; others move to Bronze or Gold	81,000	-6%
Gold	39,000		41,000	5%

** Enrollment counts are rounded to the nearest 1,000.*

Appendix E: Premium Impacts attributed to Enrollment and AV Change in Standardized Market with No Additional Standard Plans*

Column Definitions:

% Change in Premium Due to Enrollment is the amount of premium change that is attributable to movement between metal levels and customers exiting the Exchange to become uninsured or to purchase an off-Exchange plan.

% Change in Premium Due to AV change is the amount of premium change that is attributable to customers moving within the same metal tier from the non-standard plan to the standard plan if the market were standardized. Estimates assume observed differences in the actuarial value calculator (AVC) reported AVs between standard and nonstandard plans represent expected differences in premium between these plans.

Low Outlfow Scenario

Metal Tier	Initial Enrollees	Initial Premium	Final Enrollees	Final Premium	% Change in Premium Due to Enrollment	% Change in Premium Due to AV Change	Overall % Change in Premium
Total Insured	244,000	$573	240,000	$578	1.0%	0.0%	1.0%
Total Exchange	212,000	$576	198,000	$583	1.0%	0.0%	1.0%
Bronze	88,000	$483	76,000	$487	0.5%	0.5%	1.0%
Silver	86,000	$617	90,000	$619	0.5%	0.0%	0.5%
Gold	39,000	$697	33,000	$706	0.5%	1.0%	1.5%
Exit			4,000				
Total (All)	244,000		244,000				

High Outflow Scenario

Metal Tier	Initial Enrollees	Initial Premium	Final Enrollees	Final Premium	% Change in Premium Due to Enrollment	% Change in Premium Due to AV Change	Overall % Change in Premium
Total Insured	244,000	$573	236,000	$583	1.5%	0.5%	2.0%
Total Exchange	212,000	$576	195,000	$588	2.0%	0.0%	2.0%
Bronze	88,000	$483	75,000	$491	1.5%	0.5%	2.0%
Silver	86,000	$617	88,000	$625	1.5%	0.0%	1.5%
Gold	39,000	$697	32,000	$713	1.5%	1.0%	2.5%
Exit			8,000				
Total (All)	244,000		244,000				

** Premiums are rounded to the nearest dollar. Enrollment counts are rounded to the nearest 1,000. Percentages are rounded to the nearest 0.5%.*

Appendix F: Illustrative Cost Breakdown Comparison of Depression Treatment in Standard versus Non-Standard Plans

Mental Health (Depression)	2024 Standard Silver	Ambetter Balanced Care 4	Molina Constant Care Silver 1
• **Primary Care/Mental Health Visits (24 visits)** • **Four 15 min Medication Management Visits** • **20 one-hour psychotherapy sessions**	$662	$720	$720
Generic Drugs	$40	$40	$40
Total	**$702**	**$760**	**$760**